FIRST FOLLOW-UP AUDIT:

INTERNAL CONTROL REVIEW OF
AUDITOR-CONTROLLER
CLAIMS & DISBURSING PROCESSES-

ISSUES CONCERNING EMPLOYEE
SOCIAL SECURITY NUMBERS
ORIGINAL AUDIT NO. 2720-3

AS OF OCTOBER 23, 2008

Auditor-Controller/Information Technology and County Executive Office/Information Technology took satisfactory corrective action on four recommendations made in our original audit of Auditor-Controller Claims & Disbursing where we identified issues concerning access and use of employee Social Security numbers in reports and systems that process payroll and employee reimbursement claims.

AUDIT NO: 2829-D
REPORT DATE: OCTOBER 29, 2008

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OC Fraud Hotline (714) 834-3608
We have completed a First and Final Close-Out Follow-Up Audit of Auditor-Controller Claims & Disbursing Processes – Issues Concerning Employee Social Security Numbers. Our audit was limited to reviewing, as of October 23, 2008, actions taken to implement four recommendations made in our original audit report.

The results of our Follow-Up Audit are discussed in the Internal Auditor’s Report following this transmittal letter. Because satisfactory corrective action has been taken for the audit recommendations, this report represents the close-out of the original audit.

Each month I submit an Audit Status Report to the BOS where I detail any material and significant audit findings released in reports during the prior month and the implementation status of audit recommendations as disclosed by our Follow-Up Audits. Accordingly, the results of this audit will be included in a future status report to the BOS.

Attachments

Other recipients of this report listed on the Internal Auditor’s Report on page 2.
First and Final Close-Out Follow-Up Audit of Auditor-Controller Claims & Disbursing - Issues Concerning Employee Social Security Numbers (Original Audit No. 2720-3) Audit No 2829-D

As of October 23, 2008

Transmittal Letter i

INTERNAL AUDITOR’S REPORT 1
INTERNAL AUDITOR’S REPORT

Audit No. 2829-D

October 29, 2008

TO:       David E. Sundstrom, Auditor-Controller
          Satish Ajmani, Chief Information Officer

FROM:     Dr. Peter Hughes, CPA, Director
          Internal Audit Department

SUBJECT:  First and Final Close-Out Follow-Up Audit of
          Auditor-Controller Claims & Disbursing Processes –
          Issues Concerning Employee Social Security Numbers,
          Original Audit #2720-3, Issued January 29, 2008

Scope of Review
We have completed a First and Final Close-Out Follow-Up Audit of
Auditor-Controller Claims & Disbursing Processes – Issues Concerning
Employee Social Security Numbers. Our audit was limited to reviewing
actions taken as of October 23, 2008 to implement the four
recommendations made in our original audit report.

Background
During our Internal Control Review of Auditor-Controller Claims &
Disbursing, we identified three Significant Issues resulting in four
recommendations concerning access and use of employee Social
Security numbers (SSNs) on claim forms and the County’s financial
accounting system that processes payroll and reimbursement claims.

One recommendation was to evaluate the adequacy of contract language
and safeguards to protect employee SSNs for out-sourced data entry
services. Two recommendations were to analyze the cost-benefit of
eliminating employee SSNs as the primary driver in the existing CAPS
system, and to restrict access to employee SSNs on payroll documents in
accordance with Labor Code requirements. A fourth recommendation
was to ensure alternatives are considered for eliminating employee SSNs
as the primary driver in the CAPS+ Upgrade Project.

Results
Auditor-Controller/Information Technology and County Executive
Office/Information Technology took satisfactory corrective action on four
recommendations made in our original audit of Auditor-Controller Claims
& Disbursing. We found that three (3) recommendations have been
implemented and one (1) recommendation is in process and has been
closed. The “in process/closed” recommendation is noted below with a
comment on the current status. As such, this report represents the final
close-out of the original audit.
1. Use of Social Security Numbers in CAPS+ Upgrade Project
(Recommendation No. 3)

Recommendation: Auditor-Controller obtain documented assurance and
direction from CGI/AMS on identifying alternatives for eliminating the use
of SSNs as the primary key in the CAPS+ Upgrade Project.

Current Status: In Process/Closed. On July 29th, 2008, the Board of
Supervisors approved a contract with CGI/AMS to perform a Fit Analysis
of Advantage 3.X HR/Payroll applications, effective August 1, 2008
through July 31, 2009. As part of the fit analysis, CGI/AMS will perform
an assessment of what the new system provides and determine
modifications, if any, are needed to be completed to fit the needs of the
County. We obtained assurance from management in Auditor-
Controller/Information Technology and CEO/Information Technology that
as part of the Fit Analysis will be a requirement not to use employee
SSNs as the primary key in the HR/Payroll application. It should be
noted that the HR/Payroll application upgrade is not scheduled for
implementation until 2011.

Because a fit analysis has been approved and will address eliminating the
use of employee SSNs in the HR/Payroll application, and because the
planned implementation is not scheduled until 2011, we consider this
recommendation closed for purposes of follow-up.

We appreciate the cooperation and assistance extended to us by Auditor-
Controller/Information Technology and CEO/Information Technology
during our Follow-Up Audit. If you have any questions, please contact me
directly or Eli Littner, Deputy Director at 834-5899, or Michael Goodwin,
Senior Audit Manager at 834-6066.

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